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SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS WHICH ARE IMPEDING THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES IN ALL TERRITORIES UNDER COLONIAL DOMINATION AND EFFORTS TO ELIMINATE COLONIALISM, APARTHEID AND RACIAL DISCRIMINATION IN SOUTHERN AFRICA

UNITED STATES VIRGIN ISLANDS

Working paper prepared by the Secretariat

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INTRODUCTION

1. Basic information on political, economic and social conditions in the United States Virgin Islands is contained in the general working paper prepared for the current session of the Special Committee (A/AC.109/1109). Additional information on foreign economic interests operating in the Territory is set out below.

I. ROLE OF FOREIGN CAPITAL

2. The Territory's relations with, and proximity to, the United States of America, together with its tropical climate, have continued to be an attraction to businesses in the United States and elsewhere. In an attempt to broaden its economic base and reduce its dependence on tourism, the territorial Government has embarked on an extensive economic development programme aimed at the establishment of a sound economic and social infrastructure and the stimulation of industrial growth. The Governments of both the United States and the Territory have introduced a range of new tax incentives to United States and foreign private investors which should increase benefits locally.

3. The main areas of foreign investment, primarily from the United States, continued to be tourism and property development, manufacturing and international business. Telecommunications and airline services are owned exclusively by foreign interests.

4. During the period under review, the administering Power reported that an economic development plan incorporating a comprehensive development plan for the Territory was being prepared with the assistance of two federal agencies. The final document would serve to help formulate future development policies of the Territory. The Governor, in his State of the Territory address in January 1992, declared that the issues of industrial growth, diversification and local capital formation were critical to the economic development of the Territory, and he drew attention to the problems faced by St. Croix, the Territory's main industrial centre. He announced the establishment of an Industrial Development Task Force aimed essentially at examining what must be done to attract more industries and hotels to St. Croix. The Task Force would recommend means for the diversification of the economy and for making local capital participation an integral part of the Territory's growth (for further details see A/AC.109/1109, paras. 44-48 and 60).

II. MAJOR DEVELOPMENT ACTIVITIES

A. Tourism and property development

5. Tourism and related services continued to be the main economic activity, accounting for approximately 65 per cent of the gross domestic product. The total number of visitors to the Territory increased by over 8 per cent, from 1.8 million in 1990 to 1.94 million in 1991. Total tourist expenditure increased marginally by 0.5 per cent, from $704.3 million in 1990 to $708.1 million in 1991. 2/ The number of airline passengers declined from 695,400 in 1990 to 682,000 in 1991, reflecting the termination of the services of Eastern Airlines and Pan American Airlines during the period.

6. It will be recalled that, following low occupancy rates and financial difficulties, the largest hotel on St. Croix, the 158-room Carambola Beach Resort, ceased operations in June 1991, resulting in the loss of nearly 200 jobs (A/AC.109/1076, paras. 7-8).

7. It was reported in April 1992 that negotiations were proceeding between a court-appointed receiver and a group headed by a Mississippi-based developer. The President of the St. Croix Hotel and Tourism Association stated that the Association was not being kept informed about the status of the hotel. He welcomed the possibility of the hotel's reopening, which would provide more jobs for the area and, the hotel being a five-star resort, would draw attention to the island of St. Croix as a luxury tourist destination. 3/

8. In November 1991, the Governor of the Territory formally opened the 90-room Emerald Beach Resort, the first major hotel on St. Thomas in 10 years. Two other resorts, the 150-room Grand Palazzo Hotel and the 300-room Sugar Bay Plantation, are scheduled to open on St. Thomas by mid-1992. Press reports indicate that the number of hotel rooms in the Territory increased by 10.6 per cent between February 1991 and February 1992. 4/

Property development

9. Protracted discussions continued during the period under review between the territorial Government, the local community and special interest groups on the one hand, and the United States Government and its agencies on the other, concerning the transfer of Water Island, the fourth largest island in the Territory, to the territorial Government by the end of December 1992. At the same time, discussions were also under way between representative groups of the above parties and the West Indian Company, Ltd. (WICO), a subsidiary of the East Asiatic Company of Denmark, over the ownership and control of submerged and developed land in and around the Charlotte Amalie harbour.

10. In connection with the transfer of Water Island to the Territory, it was reported in June 1992 that a plan was being prepared by the United States Department of the Interior to dispose of the developed land on Water Island. The plan had been requested in April 1992 by Mr. Ron de Lugo, the Territory's

delegate to the United States Congress, and Chairman of the House Committee on Interior and Insular Affairs, Subcommittee on Insular and International Affairs, and Senator J. Bennett Johnston, Chairman of the Senate Committee on Energy and Natural Resources. The plan included the following provisions: (a) appraisal of the land on which private homes were built; (b) recommendations, made in consultation with the territorial Government, for the use of some of the remaining land for private development, as well as for historic sites, critical habitats and other environmentally sensitive areas; and (c) proposals to meet the infrastructural needs of the Territory. The plan was not expected to be presented to the United States Congress before the lease on Water Island expires on 27 December 1992. 5/

11. As regards ownership and development of submerged land in the Charlotte Amalie harbour, the representative of Save Long Bay Coalition, Inc., a local community-action group, again petitioned the United Nations on the matter and appeared before the Special Committee on 9 August 1991 (A/AC.109/PV.1387). In June 1992, the East Asiatic Company, the parent company of WICO, proposed to the territorial Government that negotiations for the purchase of the property concerned should be concluded by the end of the same month. Press reports indicate that the territorial Government had held discussions with the Government Employees Retirement System, a pension fund, for the purchase of the property, reportedly valued at $65 million. 6/ Information on the outcome of the negotiations has not been made available.

B. Other sectors

12. Information on the other main sectors in wnich foreign economic and other interests operate in the Territory (industrial development, international business, and communications and basic facilities) has been outlined in the general working paper prepared for the session (A/AC.109/1109). No further developments have been reported.

Notes

1/ The information contained in this paper has been derived from published reports.

2/ The local currency is the United States dollar (US$).

3/ The Daily News (United States Virgin Islands), 21 April 1992.

4/ Ibid., 13 and 21 April 1992.

5/ Ibid., 13 June 1992.

6/ Ibid., 2 June and 13 July 1992.